

GENERAL AVIATION FACTORS VITAL TO AVIATION

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Aviation Insurance

Not a necessary evil

- Relatively few insurers
- Low Frequency/High Risk
- Aviation Insurance is not a Science



Auto Insurance vs. Aviation Insurance

U.S. Private Passenger Vehicles

2005 = 219,000,000

Average Value ?

\$5,000

Average Liability Limit ?

\$100,000



Global Airline Population

- Approx. 18,000 units
(Limited *Spread of Risk*)
- Max Hull Value \$200,000,000 +
- Max Liability Limit \$2,000,000,000 +
- Possible Max Loss = \$2,200,000,000



Total Global Airline Written Premium

Year 2006

\$1,600,000,000



**LOSS OF ONE
EXPOSURE UNIT CAN
WIPE OUT THE ENTIRE
GLOBAL BOOK OF
AIRLINE PREMIUM!!!!!!!**



U.S. GENERAL AVIATION

Fleet Size

2001 - 207,000 Aircraft



General Aviation Insurance Market Conditions

- Yesterday (Post 9/11)
 - Rates Went Up
 - Losses Went Down
- Today
 - Plenty of market capacity
 - Plenty of underwriters
 - Underwriters are profitable
 - Generally a good time to be an aviation insurance buyer
 - **But the market can change in a heartbeat!**



FUTURE ?

- VLJs – easily assimilated into insurance market
 - Strong focus on training
- Safer aircraft
- Better trained pilots
- Concerns about maintenance
- Lower accident rates
- Higher jury awards



Prediction

- Reasonable Insurance Costs
- More Insurance Marketing Alternatives



THANK YOU

